Inspection of Foreign Banks

145. SHRI SUNIL BASU RAY : Will the Minister of FINANCE be pleased to state :

(a) whether the RBI ever ordered an inspection of foreign banks like Citi Bank and Bank of America so far as vostro accounts are concerned; and

(b) if so, since when and with what results ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) Reserve Bank of India have reported that they had carried out preliminary scrutiny at Citi Bank, Bombay and Bank of America, Bombay in December 1992. Sample check of transactions in some Vostro accounts of these two banks did not reveal any irregularities.

Liberal Bank credit policy

146. SHRI RAMDAS AGARWAL : Will the Minister of FINANCE be pleased to state : (a) whether Government have decided for more liberal and fund abundant bank credit policy during the first half of the fiscal year 1993-94 for faster growth of economy as reported in the Hindustan Times dated the 8th April, 1993;

(b) if so, what are the changes so far made in the (i) export credit refinance formula (ii) general line of credit of NABARD (iii) norms for operation of foreign banks so that they should not have advantage over the Indian Banks and (iv) rationalising of lending rates of scheduled Banks etc.; and

(c) whether the monetary and credit policy annuonced recently would reduce (i) the inflation rate (ii) stimulate industrial growth particularly of small scale sector and (iii) accelerate agricultural growth etc., if so, to what extent during 1993-94 slack season ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Yes, Sir. Reserve Bank of India (RBI) has set out measures which would be incorporated in the monetary policy for the first half of 1993-94.

(b) The changes made in respect of items mentioned are indicated in the Annexure. (*See* below).

(c) The recent policy measures announced by RBI arm at further reducing the inflation rate while providing a stimulus to industrial recovery including the small scale sector and growth of agriculture through adequate credit availability. It is not possible to assess the impact of the above measures at this stage.

Statement

(I) *Export Credit (Rupee) Refinance and Refinance against Post-Shipment Export Credit denominated in US Dollers.*

From the fortnight beginning from May 15, 1993, scheduled commercial banks would be provided :—

(i) Export Credit (rupee) refinance to the extent of 60 per cent of the increase in outstanding export credit over the monthly average level of 1988-89 upto the monthly average level of 1989-90 plus 100 per cent of the increase over the monthly average level of outstanding export credit in 1989-90, as against 110 per cent hitherto.